POSITION PAPER

Reaction to the CAP
Legislative Proposals 2014-2020

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The IFOAM EU Group is the European working level within the International Federation of Organic Agriculture Movements. It brings together more than 300 organisations, associations and enterprises from all EU-27, EFTA and candidate countries. IFOAM’s goal is the worldwide adoption of ecologically, socially and economically sound systems that are based on the principles of Organic Agriculture.

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Introduction

The current CAP reform must respond to urgent environmental challenges, such as degradation of natural resources and climate change, which put our future food security at risk. This reform is also coming at a time of scarce public funding and austerity discussions. This should be reason enough to finally re-focus funding from support for agricultural production in general, towards targeted measures that deliver public goods to serve societal needs. Tasty and healthy food, clean water, fertile soils, diverse landscapes and vibrant rural economies should be at the centre of the new CAP. Moreover, biodiversity and food security must be ensured for future generations, and farm practices must adapt to the consequences and contribute to the mitigation of climate change. All this cannot be achieved by continuing with business as usual. Although the Commission’s proposals for the new CAP contain some new greening attempts, they are much too close to the outdated CAP support logic.

With these comments, the IFOAM EU Group reacts to the legislative proposals for the Common Agricultural Policy 2014-2020, presented by the EU Commission on the 12 October. In our comments we analyse these proposals and present a series of specific recommendations to the European Parliament and Member States to make the best of the ‘organic option’. The paper will be the basis of IFOAM EU Group’s advocacy work throughout the CAP reform process at EU level.

However, our long-term vision for food and farming policy in Europe is essentially transformative. We believe that the European political system has a responsibility to lead the way and assist farmers in this necessary transformation. This is something European agriculture cannot afford to postpone until after 2020. Preserving the status quo of outdated historical policy structures is no way to prepare for a future which will be very different from the past. We stress the importance of fair pricing to help ensure sufficient economic returns that provide a sustainable livelihood for primary food producers. The disappearance of family and smaller farms, and the continued process of intensification by large-scale agribusiness has had a devastating impact on rural society throughout Europe, as well as widely recognised negative environmental impacts. This is no longer appropriate in our resource-constrained world.

For further background information please see our full CAP position paper from May 2010.
Core demands for organic farming

Organic standards consist of strict and European-wide certifiable rules that require knowledge and ecosystem-based management responses from farmers. This results in farm practices that contribute to an array of sustainability aspects. Organic farming support is an effective and cost-efficient measure to reach sustainability objectives in agriculture policies. Therefore, this position paper starts with key recommendations to ensure that the CAP 2014-2020 contributes to the further development of organic farming:

1. **Sufficient funding** for the conversion to and maintenance of organic farming must be ensured by strengthening the second pillar budget (50% of CAP budget) and by ring-fencing a significant share (50%) of the rural development programmes’ budget for measures that deliver on environmental objectives - such as organic farming. The Greening of the first pillar should raise the level of environmental performance for all farmers, but must in no way be used as an excuse to reduce the payments targeting the environment in the second pillar.

2. Organic farming must be made a mandatory measure under the rural development programmes and should be eligible for 80% EU co-funding, with the possibility of EU co-financing up to 90% in the member states that accessed the EU after the 01 May 2004.

3. Organic farming should be specifically included as a priority in relevant rural development measures such as advisory services, investments, quality schemes and producer groups. Organic farms should be allowed a 20% higher support rate than conventional farms.

4. Each rural development programme shall specify how synergies between organic agriculture and other rural development measures can be reached to best benefit the environment and rural economies.

5. The Greening of the first pillar needs improvement regarding the overall sustainability of food systems. Greening should include at least a three-field-crop-rotation; one crop must not cover more than 50% of all arable crops and at least one protein crop must be included. The protection of permanent grassland must include a maximum livestock density for pastures.

Whereas our core concerns mainly address the measures with an immediate impact on the development of organic farming, the organic movement has a much broader view on the CAP reform. An overall assessment of the CAP legislative
proposals follows this chapter. The demands addressed above as well as those addressing a fairer and more sustainable CAP in general can be found in further detail in the following text.

**Overall assessment**

Commission proposals contain a number of new elements which are welcomed by the IFOAM EU Group:

- an end to the historical reference as the basis for direct payments
- all farmland eligible for direct payments
- convergence of payment levels between and within member states
- environmental conditions on part of the direct payments
- introduction of a degression of direct payments
- targeting of payments to active farmers
- explicit recognition of organic farming both in the first and the second pillar.

But there are also negative developments:

- no increase of the second pillar budget (a decrease in real terms) – effectively reversing the long-standing policy of gradually replacing income support with targeted payments
- no increased earmarking for environmental measures within the second pillar budget.
- no new measures in the first pillar to stabilise prices and curb food speculation. Instead expensive new risk management tools in the second pillar will compete for money with rural development.

In addition, although the new elements are proof of an ambition to address major shortcomings of the CAP, in many cases their actual content is too weak to have the intended effects.

- **Greening conditions** are too general and unspecific to generate the intended environmental benefits. An exception is the eligibility of organic farming in the greening framework. Through organic certification, a set of measures that increase the overall sustainability of food production and go far beyond the other greening criteria is guaranteed.
- The **historical reference** will disappear, but the option to regionalise payments will allow continued differentiation on basis of productivity levels, which bears the risk of unfair treatment if social and ecological aspects are not considered.
• The proposed *convergence* of payment levels between member states is extremely limited, and no timetable is set for when to reach a fair and equal basis for payments in all member states.
• The proposed definition of an *active farmer* lacks any link to actual farming activity and risks excluding active farmers while including passive landowners.

On balance, we find that this proposal lacks both the vision and the concrete measures needed to bring European food and agricultural policy in line with the demands of society and of the objective realities that confront us, such as climate change and other major environmental and socio-economic challenges.

Several major international reports over the past few years have reviewed the future prospects of world agriculture and come to remarkably similar conclusions⁴: Resource depletion, degraded ecosystem services and unbalanced global nutrient cycles will require a radical shift from input-driven business-as-usual agriculture to resource-conserving systems based on nutrient recirculation and with minimal external inputs. Recently, a study for the Standing Committee on Agricultural Research in the EU Commission's DG Research made it clear that this conclusion is equally valid for European agriculture, and that fundamental change is needed. The study calls for an immediate reorientation of European agricultural research – and by extension of European farming – from a focus on the current "productivity narrative" to a synergistic approach that includes the "sufficiency narrative".⁵

While this call has to some extent been taken up by DG Research and DG Budget⁶, the current CAP proposals do not address the fact that European farmers need to prepare for the end of cheap fossil energy and unlimited input availability.

**Budget and general structure**

The total CAP budget is projected to remain constant in nominal terms, translating into a slow decrease in real terms. In order to address the challenges facing European agriculture within this shrinking budget, a clear targeting of the most cost-effective measures will be necessary. Cost-effective measures are those that successfully and efficiently deliver the public goods that society requires for the money that is spent on the CAP.

**Second pillar budget**

Most important, in this respect, is to continue the shift from the broad and blunt income support of the first pillar to the more specific measures of the second.
Commission now proposes the opposite, a de facto decrease in the second pillar budget. This would be a major strategic mistake. Continued income support cannot help European farms adjust to an impending resource-constrained world. Well designed second pillar measures can do that, while at the same time providing much needed legitimacy for the CAP support system.

As proposed by some member states, we believe that the second pillar must reach at least 50% of the total CAP budget before 2020. Member States having already reached 50% or even more should be encouraged to keep their high second pillar budget. In order to achieve this level, a stepwise shift must start immediately in 2014.

**Recommendation 1:**
The second pillar budget should increase to at least 50% of total CAP budget before 2020.

**Flexibility between pillars**

We welcome the proposed option for member states to shift part of their first pillar direct payment ceiling to the second pillar. However, the 10% maximum is too low, given the lack of a general increase. The flexibility should be large enough to allow member states to reach the level of 50% CAP budget spend for rural development already in 2014. They should also be free to start at a lower level and increase the percentage during the budget period. The reverse flexibility proposed for some member states should not be allowed. Using second pillar funding is the wrong way to address disparities in the distribution of first pillar funding. This should instead be addressed directly, by closing the gap in direct payment levels much faster than proposed by the Commission.

**Recommendation 2**
Flexibility of member states to shift a part of their first pillar annual ceiling to the second pillar should be increased, it should enable member states to reach 50% of their CAP budget spent for rural development already in 2014. A gradual increase during the budget period should be permitted.

**Recommendation 3**
A shift of parts of the second pillar budget to the first pillar should not be the mechanism to address disparities in distribution of first pillar funding; the mechanism should therefore be removed.
First pillar

In the first pillar, we appreciate the ambition to reduce the amount of basic income support and introduce several better targeted components. However, many of the new components need further development to deliver the intended benefits. As now proposed, they add too much complexity and too little substance.

Convergence

We strongly support the principle that CAP payments should converge towards a fair and equal basis for payments to all farmers, within member states as well as between them. There are no valid arguments to continue paying higher support in high productivity areas, although reasonable transition periods are of course needed.

There are two possible routes to convergence. The first and best is to shift more of the budget to the second pillar, where farmers are paid on the basis of the services and the public goods they provide. This automatically removes any link to production levels or historical references. The other route is to recalculate remaining income support payments on a more equitable basis.

The Commission proposals foresee very little convergence of either kind. While our focus remains on increasing the second pillar budget as outlined above, we propose that direct payment ceilings should converge much more during this budget period, so that all member states reach at least 80% of the EU average by 2020.

Recommendation 4

Direct payment ceilings must converge during the budget period, so that all member states reach at least 80% of the EU average by 2020.

As for convergence within member states, the Commission proposal provides a workable model for the transition away from historical reference based payments where it still exists in 2013. However, the pace needs to be faster and the option to regionalise payments has to be handled with care.

The span in payment levels between regions within a member state should be subject to an assessment of social and ecological impacts in order to avoid that present individual differences are simply replaced by regional differences of the
same magnitude. Regional payment levels should not simply be fixed on the basis of productivity, but target the maintenance of ecologically and socially sustainable farm structures.

**Recommendation 5**
The option to regionalise payments should be subject to an assessment of social and ecological impacts.

**New payment entitlements**

The Commission proposes that new entitlements will only be allocated to farmers who received some direct payments in 2011. New farmers under 40 years of age will instead have access to entitlements from the national reserve, but new farmers over 40 will have no possibility to receive entitlements free of charge (entitlement transfer is possible, but entitlements usually need to be inherited or purchased). We see no valid reason for this discrimination. New farmers should be encouraged regardless of age.

**Recommendation 6**
New farmers and farmers that did not yet possess entitlements should be encouraged also after 2011 and regardless of age; farmers over 40 should be eligible to receive new entitlements.

**Active farmer**

We support the intention to better target direct payments to active farmers. However, the definition proposed is not a satisfactory definition of an active farmer. It is based on a circular reference, where the amount of direct payments received becomes the basis for continuing to receive direct payments.

This definition would do very little to exclude landowners passively receiving payments for unused land. Instead, there is a risk that considerable numbers of active farmers would not fulfil the criteria. For example, farmers combining farming with other farm-based activities such as forestry, food processing, or tourism, may easily exceed the proposed limit on non-agricultural income. In addition, defining an active farmer on the basis of direct payments received would discriminate against areas with low levels of direct payments, further aggravating existing inequities.
A workable definition of an active farmer must target agricultural activity or active management of bio-diverse landscapes and/or farm income (including subsidies for the delivery of public goods) directly. Agricultural activity cannot be defined to include only maintenance of an area in a state suitable for farming, as is proposed in Art 4.1(c).

**Recommendation 7**
Revise the definition of ‘active farmer’ that targets agricultural activity, active landscape management for the enhancement of natural resources and/or farm income directly, where agricultural activity may not be defined to include only maintenance of an area in a state suitable for farming (as proposed in Art 4.1(c)).

**Capping**

The IFOAM EU Group is in favour of a CAP that ties support to social and environmental benefits. Therefore IFOAM EU supports in general the Commission’s approach to set an upper limit on payments as well as considering labour costs in this respect. The height of maximum payments and other details must be addressed further in upcoming reforms. Funds saved by capping must remain in the same region they were allocated to and flow to measures to enhance the environmental performance of farms in the second pillar budget.

**Recommendation 8**
Funds saved by capping must remain in the same region they were allocated to and flow to measures that enhance the environmental performance of farms under the the second pillar.

**Greening**

We would support a well designed proposal to introduce environmental conditions for part of the direct payments as a step towards the elimination of unconditional income support altogether. However, the proposed measures lack the necessary precision to have a real environmental effect. Some improvements are suggested below.

IFOAM EU appreciates the explicit recognition of the whole-farm environmental benefits of organic agriculture, cited as the basis for the automatic qualification of
certified organic farms. There is solid scientific evidence that organic systems generate positive overall effects for biodiversity and ecosystem services, with benefits far beyond the farm itself, including, for example, improved pollination on neighbouring conventional farms. Yet, these wider benefits are never part of the calculations of organic support payments.

The Greening measures outlined in articles 30, 31 and 32 of the direct payments proposal should raise the level of environmental performance for all farmers, but in no means be used as an excuse to reduce the payments targeting the environment in the second pillar. Therefore, the automatic qualification for organic farmers shall not be used to offset the income foregone in the calculations for second pillar premiums. Conventional farming must be used as calculation basis in order to avoid reduced second pillar payments for organic farming and other measures that benefit the environment.

**Recommendation 9**

The baseline for the calculation of rural development payments must be conventional farming; reduced second pillar payments for organic farming and other measures benefitting the environment through Greening must be avoided.

The Commission’s proposal does not specify what will happen with the direct payment funds which will remain unused when farms do not fulfil the greening criteria. It seems self-evident to us that such funds should be channelled as additional financing to the second pillar, in the same manner as unused funds stemming from capping, but in this case earmarked for the agri-environment-climate and organic farming measures.

**Recommendation 10**

Where direct payment funds are unused when farms do not fulfil the greening criteria, such funds should remain in the same region they were allocated to and be directed towards the second pillar and specifically earmarked for agri-environment-climate and organic support payments.

**Crop diversification**

The environmental benefits of crop rotation are mainly related to plant nutrient management and to weed, plant pest and disease control. To achieve these benefits, it is not enough to simply have a certain number of crops on a farm, as now proposed by the Commission. There also needs to be an actual rotation, a
sequence of different crops on each field, and these crops must provide botanical diversity. For example, only having several different cereal crops brings little benefit.

To realise nutrient-related benefits, it is necessary to include nitrogen-fixing legume crops in the rotation, preferably multi-annual fodder crops which also improve soil, sequester carbon, and reduce the need for soil cultivation. To realise plant protection benefits, a farm must rotate between several crop families – for example cereals, legumes, oilseeds, and root crops.

To address both issues, we propose that one crop must not cover more than 50% of the arable farm area and that farms should be required to have at least 15% of their arable area in nitrogen-fixing legume crops. This ensures a minimum of two crop families, while also contributing to better nutrient management. In addition, it helps address the protein feed deficit in EU agriculture.

**Recommendation 11**
The specification for crop diversification criteria should set a maximum of 50% of arable area to be cultivated with one crop, and include the requirement for at least 15% of the arable area under nitrogen-fixing legume crops.

The exemption proposed for farms with all their arable land under grass is reasonable, but when such land is reseeded, there should be a requirement to use grass/legume mixtures. The exemption should also not be limited to farms with 100% grass, but allow any proportion between 50 and 100%. Adding a second crop in a grass-dominated farm contributes both to resource efficiency and to plant protection, and should be promoted, not prohibited.

**Recommendation 12**
Where land is reseeded, it should be required to use grass/legume mixtures, with the exemption not limited to farms with 100% grass, but allow any proportion from 50-100%.

**Ecological focus areas**

In order to realise the potential benefits of ecological focus areas (EFAs), the quality and location of these areas are more important factors to take into account than the size. To provide biodiversity refuges, green infrastructure and improve
ecosystem services, there must be EFAs in close proximity to each arable field. The aim should be a rich patchwork of landscape elements.

Mixed farms in varied landscapes already have many areas with EFA characteristics and should be rewarded for this. For example, it should be possible to count permanent pastures as EFA if livestock density remains below a set limit of livestock unit/ha and therefore a high ecological value can be assumed. There is also a need to ensure that existing landscape elements such as permanent field borders, hedges, stone walls, impediments in arable fields, etc., are maintained in good state and therefore can be included in the calculation. Under present rules, these are often not part of the eligible area for direct payments.

**Recommendation 13**

Mixed farms which have many areas with EFA characteristics should be rewarded for this by including these in the calculation of the EFA on the farm. Permanent pasture, if livestock density remains below a set limit, could be included. Existing landscape elements (permanent field borders, hedges, stone walls, impediments on arable fields etc.) can all be included in the calculation of the eligible EFA on the farm.

**Permanent grassland**

We strongly support the intention to protect permanent grassland, but the proposed criteria need to be refined to take account of the great diversity of different grasslands covered by the present definition.

As regards historical pasturelands which have never been ploughed, the protection should be absolute. No reduction should be allowed under any circumstances.

However, some areas currently defined as permanent grassland are in fact land in traditional crop rotations which include 7-10 years of grassland; others are abandoned arable fields which have been taken out of the rotation and put into continuous grass, sometimes periodically reseeded, sometimes not. If this land could be kept in a long duration rotation system, it could, at farm, level bring overall environmental benefits, increasing crop diversity if in exchange another area of the farm is seeded as grassland for that period.

For this second category of permanent grasslands the policy must be more flexible. In particular, it must be generally allowed to bring them back into a rotation where
grass/legume fodder crops remain an important component. From an ecological point of view it is often desirable that, for example, dairy farmers produce feed crops on their own farmland. Compensation mechanisms to maintain the total area of permanent grassland must be foreseen on regional level.

To prevent that farmers will react by ploughing up large areas of permanent grass before the CAP reform enters into force to preserve their flexibility in farm management, certain legal flexibility should be maintained in the new CAP as mentioned above. Moreover, the claim year for the protection of grassland under article 31 paragraph 1 must be corrected to 2011.

**Recommendation 14**
The diversity of grasslands must be considered in the permanent grassland definition. The protection of historic, un-ploughed grassland and high nature value grassland should be mandatory with no reduction permitted under any circumstances. Where those areas currently defined as permanent grasslands are in fact abandoned fields taken out of arable or temporary grassland production, such land should under certain conditions be eligible for bringing back into a rotation including a grass/legume fodder crop (as crop diversification measure).

Voluntary support (coupled and decoupled)

Since 2003, member states have been provided with some flexibility to use direct payment funds for national support schemes, both coupled and decoupled. We agree with the Commission proposal to retain this option, but we strongly disagree with the intention to limit flexibility to coupled support only.

Under Article 68 of the current regulation, there is a strong incentive for member states to primarily use decoupled support schemes complying with WTO green box criteria. These can be up to 10% of the direct payment ceiling, while coupled support schemes are limited to 3.5%. The current proposal entirely removes the option to use decoupled support, while substantially increasing the financial ceiling for coupled support.

This is a major step backward. We recognise that coupled support schemes can be needed in some circumstances (see: IFOAM EU Group position, 2010), but decoupled support should remain the preferred option, with a higher financial ceiling.
As coupled support schemes in the past have often generated negative environmental consequences, there should also be a requirement for member states to include a description of the environmental impact in their notification of coupled support schemes. For Commission approval, the impact should be positive or at least neutral.

**Recommendation 15**
The option to use of coupled support should be restricted, decoupled support should remain the preferred option under the voluntary support scheme, with a higher financial ceiling.

**Recommendation 16**
Member states must include an environmental impact description in all notifications for voluntary support schemes. The Commission should only approve the proposed scheme if the impact is judged to be positive or at least neutral.

**Small farmers’ scheme**

While the small farmers' scheme should be simplified as far as possible, we do not find it acceptable to give small farmers a complete exemption from cross compliance requirements. Purely administrative regulations may be waived, but all requirements related to environmental protection and animal welfare should remain in force.

**Recommendation 17**
Small farmers’ scheme should require that those judged to be eligible are required to meet simplified cross compliance requirements, requirements as regards environmental protection and animal welfare should remain in force.

**Market Development**

Organic farmers are recognised for their unique ability to meet market-driven consumer demand for high quality food products while at the same time delivering public goods and environmental and rural development benefits through holistic and effective practices and a system approach to farming and land management. Moreover the EU regulation on for Organic production and labelling (EC) 834/2006
has created a legal framework for the environmental performance of organic farming systems. As organic farming is partly separate from the conventional food chain and often works under different circumstances, for example it produces high diversified products, often in smaller volumes, market measures should be introduced to allow organic farmers to set up specific recognised producer formulations such as producers groups that are relevant to their needs.

The specific market position of organic farming should be clearly recognised. To this end measures must ensure that organic farmers are not bound by agreements made between recognised producer organisations, associations of producer organisation or interbranch organisations operating, in a specific economic region or area of a member states, with other actors in the food chain that have been accepted by at least 50% of organic farmers within the specific region or area.

Producer group measures must consider the benefits of organic farming in terms of natural resource management and climate action and relevant knowledge exchange and cooperation encourages, while inter-branch organisations measure must take into account consumer needs and consumer-producer organisations encouraged. There must also be measures in place to incentivise the use of organic fruit in school fruit programmes, through higher EU financing for organic produce, and prioritisation of the provision of organic food in schools, as a means to provide healthy and environmentally friendly produce and building awareness about the important contribution of organic farming.

**Recommendation 18**
Organic farming should be explicitly recognised under the Single CMO regulatory framework and relevant measures tailored to address the specific organic market conditions and support the market potential of the sector.

Second pillar

The new structure proposed for the second pillar is a clear improvement. Fewer and broader measures, and the removal of axes, should provide better possibilities to design effective rural development programmes. We also welcome the added emphasis given to organic farming by creating a separate measure.

However, a shrinking budget will make it difficult to realise the full potential of the improved structure. In our view, a much clearer targeting of sustainability objectives is necessary to meet the major challenges of the resource-constrained world European farmers will face in the near future. Moreover, the introduction of various risk management and income stabilisation measures in the second pillar has the potential to further erode the already shrinking budget which is vital to ensure forward looking investments in a more sustainable European agriculture.

Targeting of sustainability

To make the most of limited resources, we propose that 50 % of the total second pillar budget should be earmarked for Union priorities 4 and 5 – ecosystem management and resource efficiency. The Commission’s proposal urges Member States to dedicate 25% of Rural Development funding to environment, climate and organic farming. This is not more than the status quo (25% minimum funding for axis 2), moreover it lacks a serious legal foundation as it is only fixed in the considerations, but not yet in the articles of the EAFRD regulation proposal.

Recommendation 19

50% of the total second pillar budget should be earmarked for Union priorities 4 and 5 (ecosystem management and resource efficiency).

As an extra incentive for member states, there should be higher co-financing rates for organic farming, Natura 2000 and the Water Framework Directive related measures. Organic farming, as a whole-farm measure which contributes to all six Union priorities, should have the same 80 % co-financing rate as knowledge transfer, producer groups, co-operation and Leader, 90% for new member states.
Recommendation 20
Higher co-financing rates must apply to organic farming and Natura 2000 and Water Framework Directive measures; these measures should be eligible for 80% EU co-financing, 90% for member states that accessed the EU after the 01 January 2004.

Although organic farming is now split off from agri-environment as a separate measure, we believe it should have the same status as a compulsory measure that agri-environment has had historically.

Recommendation 21
Organic farming and agri-environment-climate should be compulsory measures to be provided by member states in their rural development programmes. Support for organic farmers both in conversion and maintenance should thus be mandatory for all member states.

To achieve the balanced development of organic farming foreseen in the EU Organic Action Plan\(^9\), strengthening both the organic market and the public goods delivery, there is a need to maximise synergies with other rural development measures. Organic conversion is a major commitment and requires new knowledge, the development of new markets and often changes in farm structure. Therefore, it needs comprehensive support, including measures such as advisory services and investment support targeted at organic farming, in order for farmers to succeed and realise its full benefits.

For example, like environment and climate, organic agriculture should be mentioned as a priority under other relevant measures, such as Articles 16 (Advisory services) and 18 (Investment). Under Article 18, it would also be appropriate to allow organic farms the 20% higher support rate now specified for young farmers and collective investments.

It should be compulsory for member states and regions to specify in their rural development programme how synergies between organic agriculture and other rural development measures can be reached to best benefit the environment and rural economies. Similar to young farmers the option for member states to the design an organic farming thematic sub-programme as part of their rural development programme must be introduced under the proposed EAFRD regulation. The recommendations of the Commission Action Plan\(^8\), of the ORGAP project\(^10\) and other studies\(^11\) should be considered in these concerns.
Recommendation 22
Organic farming (as environmental and climate change measures) should be specifically included as a priority in relevant measures in Articles 16 and 18. Under Article 18, organic farms should be allowed the 20% higher support rate.

Recommendation 23
Each rural development programme shall specify how synergies between organic agriculture and other rural development measures can be reached to best benefit the environment and rural economies, including the option for member states to design an organic farming thematic sub-programme.

Innovation and knowledge transfer

Knowledge transfer and innovation are listed as the first objective in the EAFRD proposals. With the European Innovation Partnerships (EIP) for agricultural productivity and sustainability, a completely new measure will seek to encourage innovation and knowledge transfer in food and farming systems. The IFOAM EU Group welcomes the emphasis on innovation in the proposals, but underlines that a focus on technological innovation alone would fall short in reaching the goals of long term productivity and sustainability. We need integrated, comprehensive and sustainable approaches towards innovation; moreover we need partnerships to work out future systems of natural resource use that involve a broad range of civil society, including farmers, scientists, SMEs and consumers. Organic farming as a pioneer in using and developing knowledge about ecological systems to realise more efficient use of resources and sustainable farm practices must find particular consideration within the EIP.

Recommendation 24
The EIP for agricultural productivity and sustainability must foster integrated, comprehensive and sustainable approaches towards innovation; organic farming must play an important role in this respect.

Risk management and income stabilisation

We strongly disagree with the proposal to introduce various risk management and income stabilisation measures as new major components of the second pillar. This will further erode the already shrinking budget which is vital to ensure forward
looking investments in a more sustainable European agriculture. The main reason for these new measures is to mitigate the effects of recent and future changes in CAP market measures, such as the removal of milk quotas. We believe that the first pillar market instruments should instead be developed in a way that enables market stabilisation and fair prices to producers. This would eliminate the need for mitigating measures in the second pillar, while also providing a more solid economic basis for farmers to take on the sustainability challenges.

**Recommendation 25**

First pillar market instruments should be developed in a way that enables market stabilisation and fair prices to producers instead of creating expensive risk management measures under the second pillar. Risk Management should not be established as an instrument under the second pillar.

**Cooperation and Quality schemes**

The measures supporting farmers who cooperate and participate in quality schemes creates substantial benefits at a very modest cost. But, in the case of quality schemes its effect is currently reduced by the limitation of support to a maximum of five years. As costs for participation in the schemes are recurring, a renewal of the support should be possible.

“Organic farming” is a quality scheme with EU wide binding minimum standards and an established certification system which should be prioritised under this measure. Whereas the IFOAM EU Group considers other EU wide quality schemes such as PGI, PDO and TSG as carrying characteristics that are recognisable for EU citizens, it takes a critical stance regarding the support of national and regional quality schemes that pretend to stand for higher sustainability standards in food production but do not deliver verifiable results for the environment. Under article 20 of the current regulation member states can support information provision and promotion activities for quality schemes including the organic food market. The retention of this possibility provides a crucial tool to develop the organic food sector. Such support would increase quality production, deliver environmental benefits, encourage farmers to engage in new business opportunities and create employment in rural areas.

Moreover, short food supply chains are of special interest for organic farmers as organic consumers do often also prefer regional products. The cooperation measure also offers opportunities. Organic farming should be given a priority under
these measures in order to best develop synergies within the organic sector for the benefits of consumers and environment.

Recommendation 26
Participation by farmers in quality schemes (including those for provenance and organic farming) should be eligible for support without any time limitation. There must also be support for information provision and promotion activities for quality schemes cooperation” measures specifically for organic farming.

Producer groups

The IFOAM EU Group welcomes the intention to develop producer groups across all sectors as it better serves the needs of organic farmers than producer organisations set out in the current common market organisation’s framework. The organic farms of a region are usually more diversified, therefore the option of setting up producer groups that are not product-specific is of great interest for the organic sector. However we disagree with the proposal to fund well-established fruit and vegetable producer groups under rural development programmes as this will further erode the already diminishing funds under the second pillar. Instead new and existing producer groups for all kinds of products, including organic farmers, must be supported under the single CMO in the first pillar.

Recommendation 27
Support for producer group measures should also be prioritised for organic farming, but these measures should remain under the single CMO in the first pillar.

Animal welfare

Animal welfare is an integral part of organic farming. Similar to other measures related to the conversion of organic farming, the setting up of livestock systems more suited to animal welfare can involve major commitments. Therefore, multi-annual commitments must also be possible under the animal welfare measure.

Recommendation 28
The animal welfare measure must include the possibility of multi-annual commitments.
References


